

AMENDMENTS TO THE CLAIMS

This listing of claims replaces all prior versions and listings of claims in the application.

Listing of Claims

1-11. (Canceled)

12. (New) A method of generating income from at least one stock position in an investment account, comprising:

purchasing at a market price, shares of at least one stock having high option premiums, without regard to any potential increase or decrease in the market price of the stock; and

selling covered call options for the stock to generate income.

13. (New) The method of claim 12, wherein the step of purchasing shares of at least one stock includes:

screening a plurality of stocks for risk factors; and

of the stocks that pass the screening step, selecting the stocks with the highest call option premiums.

14. (New) The method of claim 13, wherein the step of screening a plurality of stocks for risk factors includes eliminating stocks for companies having a risk of going bankrupt that is above a threshold bankruptcy-risk level.

15. (New) The method of claim 13, wherein the step of selling covered call options includes selling covered call options that expire in the next calendar month, and selling the covered call options at a strike price at or just above the market price of the stock, wherein the covered call options are sold as soon as possible after current-month options expire so as to maximize a time-premium component of the option premium.

Preliminary Amendment - PAGE 3 of 10

16. (New) The method of claim 15, wherein the step of selecting the stocks positions for purchase includes selecting the stocks based on a set of criteria that depend upon the amount of capital available for investment, said criteria balancing the objectives of:

- maximizing option premium income from the stock positions;
- minimizing future inability to sell call options on purchased stock positions; and
- maximizing diversification of the purchased stocks.

17. (New) A method of generating income from at least one stock position in an investment account, comprising:

- selecting stock positions for purchase using a set of criteria that depend upon the amount of capital available for investment, said criteria balancing the objectives of:

- maximizing income from the stock positions;
 - minimizing the risk of any company whose stock is purchased from going bankrupt;
 - minimizing future inability to sell call options on purchased stock positions;
- and
- maximizing diversification of the purchased stocks; and
- selling covered call options for the stock positions to generate income.

18. (New) The method of claim 17, wherein the step of selling covered call options for the stock positions includes selling covered call options that expire in the next calendar month, and selling the covered call options at a strike price at or just above the market price of each stock position, wherein the covered call options are sold as soon as possible after current-month options expire so as to maximize a time-premium component of the option premium.

19. (New) The method of claim 18, further comprising, before the selecting step, the steps of:

- designating a portion of the capital in the investment account as being available on a monthly basis for investment, said designated portion enabling ten equal monthly

Preliminary Amendment - PAGE 4 of 10

investments to be made, if the stock position is not called away at an earlier monthly expiration date; and

reserving the remaining portion of the capital for investment in future months.

20. (New) A method of generating income from at least one stock position in an investment account having an unallocated amount of capital in cash or cash equivalents, comprising:

in a first month, utilizing a minor portion of the unallocated capital to purchase positions in stocks having high option premiums;

selling covered call options for the stocks to generate income; and

retaining the remainder of the unallocated money in cash or cash equivalents to maximize the probability of generating consistent income in subsequent months.

21. (New) The method of claim 20, wherein the step of selling covered call options for the stocks includes selling covered call options that expire in the next calendar month, and selling the covered call options at a strike price at or just above the market price of each stock, wherein the covered call options are sold as soon as possible after current-month options expire so as to maximize a time-premium component of the option premium.

22. (New) The method of claim 21, further comprising the steps of:

determining after a next monthly option expiration day, whether the call option on a given stock was exercised;

if the call option on the given stock was not exercised, utilizing an additional minor portion of the unallocated capital to make an additional purchase of the given stock, thereby averaging down the cost basis in the purchased stock; and

if the call option on the given stock was exercised, utilizing the minor portion of the unallocated capital to purchase a replacement stock having a high option premium.

Attorney Docket No. LTRM002US0

23. (New) The method of claim 20, further comprising, prior to utilizing a minor portion of the unallocated capital to purchase positions in stocks having high option premiums, the steps of:

screening the options for high liquidity to maximize the availability of a liquid options market in future months; and

screening the stocks for a minimum initial stock price to maximize the probability of having options available in future months with strike prices near the market price after a substantial decline in the market price.

24. (New) The method of claim 23, wherein the step of utilizing a minor portion of the unallocated capital to purchase stocks having high option premiums includes purchasing stocks without regard to any potential increase or decrease in the market price of the stock.

25. (New) The method of claim 20, further comprising, prior to utilizing a minor portion of the unallocated capital to purchase positions in stocks having high option premiums, the steps of:

screening a plurality of stocks for risk factors; and

eliminating stocks for companies having a risk of going bankrupt that is above a threshold bankruptcy-risk level.

26. (New) The method of claim 20, further comprising, prior to utilizing a minor portion of the unallocated capital to purchase positions in stocks having high option premiums, the step of selecting stocks for purchase using a set of criteria that depend upon the amount of capital available for investment, said criteria balancing the objectives of:

maximizing option premium income from the stock positions;

minimizing future inability to sell call options on purchased stock positions; and

maximizing diversification of the purchased stocks.

Preliminary Amendment - PAGE 6 of 10

Attorney Docket No. LTRM002US0

27. (New) The method of claim 26, wherein the criterion of minimizing future inability to sell call options on purchased stock positions is met by limiting the number of shares of a single stock that can be purchased within a predetermined range of stock prices.

28. (New) The method of claim 27, wherein, after monthly purchases of a given stock have been made for a number of months, the criterion of maximizing option premium income from the stock positions is met by performing the steps of:

calculating an overall average cost basis in the given stock;

determining that the market price of the given stock has fallen to a level at which a covered call option cannot be profitably sold at or above the overall average cost basis in the given stock;

determining whether one or more covered call options can be profitably sold on a subset of the monthly purchases of the given stock, said subset having a lower average cost basis than the overall cost basis in the given stock;

if one or more covered call options can be profitably sold on a subset of the monthly purchases of the given stock, selling the one or more covered call options on the subset of the monthly purchases of the given stock; and

if one or more covered call options cannot be profitably sold on a subset of the monthly purchases of the given stock, foregoing the selling of covered call options on the given stock in the current month, and making an additional monthly purchase of the given stock to average down the cost basis of the given stock.

29. (New) The method of claim 28, further comprising determining whether one or more covered calls can be profitably sold at a strike price just below the average cost in the given stock, wherein profit is determined solely on the basis of the time-premium component of the option premium.

Preliminary Amendment - PAGE 7 of 10

Attorney Docket No. LTRM002US0

30. (New) The method of claim 20, further comprising the steps of:

selling, only in a first month in which a given stock is purchased, a one-month put option for the given stock at a strike price below the current market price of the given stock;

determining in a second month, whether the put option was exercised, thereby causing the automatic purchase of additional shares of the given stock;

if the put option was not exercised, purchasing additional shares of the given stock in a scheduled monthly purchase;

if the put option was exercised, foregoing the scheduled monthly purchase in the second month; and

in a third and subsequent months, selling covered call options for the accumulated shares of the given stock to generate income.

31. (New) The method of claim 20, wherein the step of utilizing a minor portion of the unallocated capital to purchase stocks having high option premiums includes purchasing stocks without regard to any potential increase or decrease in the market price of the stock, and wherein the step of selling covered call options for the stocks includes selling covered call options that expire in the next calendar month, and selling the covered call options at a strike price at or just above the market price of each stock, wherein the covered call options are sold as soon as possible after current-month options expire so as to maximize a time-premium component of the option premium, wherein the method further comprises:

selling, only in a first month in which a given stock is purchased, a one-month put option for the given stock at a strike price below the current market price of the given stock;

selecting stocks for purchase using a set of criteria that depend upon the amount of capital available for investment, said criteria balancing the objectives of:

maximizing option premium income from the stock positions;

minimizing future inability to sell call options on purchased stock positions;

and

maximizing diversification of the purchased stocks;

Preliminary Amendment - PAGE 8 of 10

Attorney Docket No. LTRM002US0

making additional monthly purchases of the selected stocks utilizing additional minor portions of the unallocated capital; and

after each monthly purchase of a given stock:

calculating an overall average cost basis in the given stock;

determining whether the market price of the given stock has remained at a level at which a covered call option can be profitably sold at or above the overall average cost basis in the given stock;

if the market price of the given stock has remained at a level at which a covered call option can be profitably sold at or above the overall average cost basis in the given stock, selling covered call options in proportion to the total shares owned of the given stock;

If the market price of the given stock has fallen, and is no longer at a level at which a covered call option can be profitably sold at or above the overall average cost basis in the given stock, determining whether one or more covered call options can be profitably sold on a subset of the monthly purchases of the given stock, said subset having a lower average cost basis than the overall cost basis in the given stock;

if one or more covered call options can be profitably sold on a subset of the monthly purchases of the given stock, selling the one or more covered call options on the subset of the monthly purchases of the given stock; and

if one or more covered call options cannot be profitably sold on a subset of the monthly purchases of the given stock, foregoing the selling of covered call options on the given stock in the current month, and making an additional monthly purchase of the given stock to average down the cost basis of the given stock.

Preliminary Amendment - PAGE 9 of 10